

## Message Text

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ACTION ARA-20

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FM AMEMBASSY PORT AU PRINCE

TO SECSTATE WASHDC 8655

INFO USDOC WASHDC

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E.O. 11652: N/A

TAGS: EMIN, HA

SUBJECT: GOH TAKES STEPS TO END CEMENT MONOPOLY AND ASKS ABOUT  
POSSIBLE US INVESTMENT IN NEW PLANT

1. ON SEPT. 18 PRESIDENT DUVALIER SIGNED A DECREE CANCELLING THE MONOPOLY GRANTED IN 1951 TO THE FRENCH-CONTROLLED FIRM OF CIMENT D'HAITI FOR THE PRODUCTION OF CEMENT IN HAITI. THE DECREE, WHOSE TEXT APPEARED IN THE LOCAL PRESS, ABOLISHED A 1948 LAW WHICH HAD RESERVED LM THE HAITIAN STATE THE EXCLUSIVE RIGHT TO PRODUCE CEMENT. A GOH COMMUNIQUE ACCOMPANYING THE DECREE ANNOUNCED THAT THE MEASURE WAS TAKEN IN ORDER TO SAFEGUARD NATURAL RESOURCES, PROTECT THE FREE ENTERPRISE SYSTEM, AND STIMULATE THE NATIONAL ECONOMY IN GENERAL, AND THE CONSTRUCTION INDUSTRY IN PARTICULAR. THE COMMUNIQUE ADDED THAT IT HAD BECOME UNACCEPTABLE THAT A PRIVATE FIRM EXPLOIT, ON A MONOPOLY BASIS, NATIONAL RESOURCES OF THE SUB-SOIL THROUGH EITHER MINES OR QUARRIES.

2. IT IS NOT YET CERTAIN, HOWEVER, WHETHER THE GOH CAN UNILATERALLY SUSPEND THE MONOPOLY IN CEMENT. THE 1948 LAW AUTHORIZED THE STATE TO EXERCISE ITS EXCLUSIVE RIGHTS OVER CEMENT PRODUCTION THROUGH CONTRACTS WITH ONE OR MORE PRIVATE FIRMS. THIS AUTHORIZATION WAS EXERCISED IN THE GOVERNMENT'S CONTRACT WITH CIMENT D'HAITI, WHICH GRANTED THE FIRM A TOTUK  
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MONOPOLY TO PRODUCE CEMENT IN HAITI. THE COMPANY IS DEMANDING

A LARGE INDEMNITY FOR THE LOSS OF THE MONOPOLY. HAITIAN GOVERNMENT OFFICIALS CLAIM, HOWEVER, THAT THE COMPANY HAS NOT FULFILLED ALL OF ITS OBLIGATIONS AND THAT THEREFORE NO COMPENSATION SHOULD BE PAID.

3. THE SECRETARY OF COMMERCE AND INDUSTRY HAS STATED THAT HE WOULD BE PLEASED TO RECEIVE PROPOSALS FROM US FIRMS FOR THE ESTABLISHMENT OF A NEW CEMENT FACTORY IN HAITI. HE NOTED THAT THE GOH HAS BEEN DISSATISFIED FOR THE LAST YEAR WITH CIMENT D'HAITI'S PERFORMANCE UNDER THE CONTRACT AND THE SLOWNESS WITH WHICH THE FIRM HAS PROCEEDED IN IMPLEMENTING THE EXPANSION PROGRAM IT AGREED TO UNDERTAKE

UNDER THE TERMS OF ITS CONTRACT SIGNED WITH THE GOH IN 1972. HE ADDED THAT, AS A GENERAL POLICY, THE GOH IS OPPOSED TO MONOPOLIES AND IS ANXIOUS TO PROMOTE COMPETITION.

4. ANY GROUP CONSIDERING UNDERTAKING AN INVESTMENT IN HAITI'S CEMENT INDUSTRY WILL PROBABLY WISH TO STUDY THE LOCAL SITUATION CAREFULLY BEFORE MAKING A COMMITMENT. THE MANNER IN WHICH CIMENT D'HAITI'S CONTRACT WAS CANCELLED IS A MATTER OF CONCERN TO ANY PROSPECTIVE INVESTOR, ALTHOUGH WARNINGS OF THIS MOVE HAD BEEN GIPXNWZ# IN ADDITION, IT IS NOT CLEAR WHETHER ESTABLISHMENT OF A NEW PLANT OR PLANTS WOULD BE PROFITABLE. COSTS OF PRODUCTION ARE HIGH DUE TO THE DEPENDENCE ON FUEL IMPORTS. WHILE LOCAL DEMAND FOR CEMENT IS STRONG AND HAS CLIMBED SHARPLY DURING THE PAST THREE YEARS, CIMENT D'HAITI OFFICIALS ARE REPORTEDLY CONFIDENT OF THE FIRM'S ABILITY TO SATISFY LOCAL DEMAND IN THE SHORT RUN, AND ARE FORECASTING THAT THE FIRM WILL MAKE ITS FIRST EXPORTS OF CEMENT BY THE END OF THE CURRENT YEAR.  
ISHAM

NOTE BY OCT: PORT AU PRINCE 1928 #AS RECEIVED.

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## Message Attributes

**Automatic Decaptioning:** X  
**Capture Date:** 01 JAN 1994  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** LAW, BUSINESS FIRMS, MONOPOLIES, CEMENT, INDUSTRIAL CONTROLS, INVESTMENT OPPORTUNITIES  
**Control Number:** n/a  
**Copy:** SINGLE  
**Draft Date:** 30 SEP 1974  
**Decaption Date:** 01 JAN 1960  
**Decaption Note:**  
**Disposition Action:** RELEASED  
**Disposition Approved on Date:**  
**Disposition Authority:** CollinP0  
**Disposition Case Number:** n/a  
**Disposition Comment:** 25 YEAR REVIEW  
**Disposition Date:** 28 MAY 2004  
**Disposition Event:**  
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**Disposition Reason:**  
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**Secure:** OPEN  
**Status:** NATIVE  
**Subject:** GOH TAKES STEPS TO END CEMENT MONOPOLY AND ASKS ABOUT POSSIBLE US INVESTMENT IN NEW PLANT  
**TAGS:** EMIN, HA, CIMENT D HAITI  
**To:** STATE  
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